

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

OIC-02 /104 W

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FM U S MISSION GENEVA

TO SECSTATE WASHDC 2295

INFO AMEMBASSY BUDAPEST

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E.O. 11652: N/A

TAGS: GATT, ETRD, HU, EEWT

SUBJECT: US-HUNGARIAN TRADE RELATIONS

REF: GENEVA 2681

IN FURTHER TALKS WITH MISSION AFTER THAT REPORTED REFTTEL,
NYERGES REFERRED TO PRESIDENT FORD'S STATEMENT CONCERNING
ADMINISTRATION INTENTION TO PROPOSE NEW LEGISLATION TO CONGRESS
CONCERNING US-EE TRADE RELATIONS. HE STATED JACKSON-VANIK WAS
NOT ONLY PROBLEM RAISED BY CONGRESSIONAL CHANGES FROM
ORIGINAL ADMINISTRATION LEGISLATIVE PROPOSAL AND HE EXPRESSED
HOPE NEW LEGISLATION WOULD PROVIDE POSSIBILITY OF U.S. EXTENDING
MFN FOR INDEFINITE TIME PERIOD. IN THIS CONNECTION, HE SAID, SINCE
GATT CONTAINS NO PROVISION FOR RE-INVOCATION OF ARTICLE XXXV
ONCE IT DISINVOKED, HE DID NOT SEE HOW WE COULD DISINVOKE
ARTICLE XXXV IF OUR ABILITY TO GRANT MFN WAS LIMITED IN TIME.
WHILE US HAD BROKEN GATT RELATIONS WITH CZECHOSLOVAKIA IN
1950S (THUS IN EFFECT RE-INVOKING ARTICLE XXXV) THIS HAD BEEN
IN PERIOD OF COLD WAR AND BEEN ACCOMPANIED BY CONSIDERABLE
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UNPLEASANTNESS, AND NYERGES ASSUMED WE WOULD NOT WANT TO

HAVE TO RESORT TO COMPARABLE PROCEDURE IN PERIOD OF DETENTE.

2. HE NOTED HUNGARY DID NOT CONSIDER BILATERAL US-HUNGARIAN TRADE AGREEMENT WAS POSSIBLE UNDER PRESENT LEGISLATION BUT HE HOPED NEW LEGISLATION WOULD PERMIT BILATERAL AGREEMENT FOLLOWED BY US DISINVOCATION OF ARTICLE XXXV SO FULL GATT RELATIONS BETWEEN TWO COUNTRIES COULD BE INITIATED. HE NOTED THIS WOULD BE BASED ON SPECIAL GATT ACCESSION PROTOCOL INCLUDING SPECIAL SAFEGUARD PROVISIONS WHICH WE HAD HELPED DRAFT. HE ALSO INDICATED HUNGARY'S WILLINGNESS DISCUSS WITH US EVEN NOW ANY MARKET DISRUPTION PROBLEMS WE MIGHT ENCOUNTER.

3. CONCERNING TIMING NEXT GATT REVIEW UNDER HUNGARIAN ACCESSION PROTOCOL, HE SAID THAT HE EXPECTED THIS WOULD BE IN JULY.DALE

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Message Attributes

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